



USAID/PERU

ANNUAL REPORT FY 2002

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The attached results information is from the FY 2002 Annual Report for USAID/Peru and was assembled and analyzed by USAID/Peru.

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TABLE OF CONTENTS

: _____

PART III: FY 2002 PERFORMANCE NARRATIVE..... 3

Submitted as a Separate File:

PART IV: FY 2002 PERFORMANCE DATA TABLES

RESULTS FRAMEWORKS.....13

PART VII: ENVIRONMENTAL COMPLIANCE..... 24

PART III: PERFORMANCE NARRATIVE

A. Challenges

After nearly a decade of positive economic growth, success in combating terrorist insurgencies and reduction in illicit narcotics production, Peru has experienced two years of tremendous political, social and economic upheaval coinciding with the end of President Fujimori's ten years in power. The country reached the point of crisis in late 2000, following a tainted electoral process and subsequent revelations of corruption at the highest levels of the Government of Peru (GOP), culminating with President Fujimori's resignation in disgrace in November 2000. Instability and popular discontent intensified, as allegations surfaced that corruption extended to all branches of government as well as to the news media. Making matters worse, Peru's economy has stagnated in recent years, with annual growth slowing from an average of almost 6% from 1993 to 1998 to 0.2% in 2001. Urban unemployment has increased to 9.5%; nationwide, approximately 50% of the population is underemployed.

While many of the issues associated with the 2000 crisis remain unresolved, the interim administration that took power in November 2000 and the universally acclaimed election process that resulted in President Toledo's inauguration in July 2001 went a long way towards re-establishing Peru's stability and the government's legitimacy. However, Peru stands at a critical juncture in its history. While expectations for the new government are high, annual per capita income has fallen to approximately \$2,000; the downturn in the world economy—especially the decline in prices for many of Peru's main exports (e.g., coffee, cacao, sugar and minerals)—limits Peru's immediate growth potential; rising unemployment rates have led to social unrest; the Congress, judiciary, civil society organizations and local governments have been weakened by a decade of centralized, authoritarian rule; and insurgent groups and narco-traffickers seem to be regaining force—and perhaps uniting forces—in certain regions. Meanwhile, Peru must address long-standing problems related to its ballooning debt servicing requirements (they will reach 4% of GDP in 2004), unequal income distribution and endemic poverty (54% live below the poverty line), inadequate social service delivery—especially in rural areas (25% of children under 5 are malnourished and 25% of rural women are illiterate), and environmental degradation (Peru's tropical forests are the fourth largest in the world, but they are increasingly fragile due to shifting migration and production patterns).

In recent years, USAID—along with other international donors—has played a critical role in stabilizing the economy and identifying new economic opportunities for Peru's poor; reducing infant mortality and birth rates; introducing environmental standards; and cutting coca cultivation. Most recently, USAID's support for civil society organizations and the 2001 election process facilitated the restoration of democracy in Peru. In addition, USAID, through the Office of Foreign Disaster Assistance, provided 657 metric tons of food and 7,200 temporary shelters to 31,500 families affected by the June 2001 earthquake in the southern portion of the country. USAID will continue its efforts to build democracy, reduce poverty, improve the health and education of Peruvians, promote better environmental management, and introduce income opportunities and better social services in coca-growing areas and along the Peru-Ecuador border. Under its FY 2002-FY 2006 Strategy, the Mission will adjust these programs, as needed, to reflect a new partnership with the GOP and the increasing commitments of the donor community to ensure that the last year's political progress is consolidated and the current economic crisis overcome, so that Peru will become a more stable and prosperous market-oriented democracy. Therefore, at a point in time when Peru will be making decisions that will shape its developmental course for decades to come, it is essential that the USG maintain and increase its level of support for the country, in order to promote U.S. national interests in Peru and the Andean region. Along these lines, at the October 2001 Consultative Group

Meeting in Madrid the USG pledged up to \$330 million over two years to support the objectives of President Toledo's social and economic program.

B. Program Performance

527-001: Broader Citizen Participation in Democratic Processes (New: 527-009: Democratic Processes and Institutions Strengthened in Critical Areas)

USAID's progress towards the achievement of its democracy objective met expectations in 2001. Most notably, the interim government negotiated and implemented OAS recommendations to strengthen democratic institutions and rebuild public trust, especially through the conduct of new presidential and congressional elections. The resurgence of democracy in Peru over the last year is reflected by the 71% and 63% of registered voters who cast valid ballots for president and congress, and the fact that international and domestic observers considered the elections free and fair. Much of this success can be attributed to USAID's election support efforts, which were the overwhelming focus of the Mission's 2001 investments under this SO and which helped leverage and influence other-donor investments. (This is a significant result that contributes to the Agency's Pillar IV, Democracy, Conflict and Humanitarian Assistance, Objective #2.) Likewise, the transition government initiated and the Toledo administration has continued efforts related to constitutional reform, anti-corruption and justice sector restructuring. A key related measure, which is being directly supported by USAID, is the establishment of a Truth and Reconciliation Commission to investigate the abuses of power in Peru over the last decade.

Notwithstanding the progress of the last year, Peru's democracy remains fragile. The process of investigating and prosecuting past abuses, especially those related to the network of corruption that was built by Vladimiro Montesinos (advisor to ex-President Fujimori), is necessary to close the book on a painful period in Peru's history; however, it is placing great demands on the government's and civil society's limited time and resources. President Toledo's popularity has declined significantly, especially in light of Peru's continuing economic difficulties, and significant challenges remain to rebuild a more balanced and participatory governing system. Recognizing the opportunities and dangers confronting Peru's democracy, USAID will dedicate significantly more resources to this SO during the FY 2002-FY 2006 strategy period (approximately \$70 million, including a \$15 million ESF allocation already approved for FY 2002). This new emphasis is reflected in the Mission's recently approved Strategy Supplement, which calls for USAID to establish/expand efforts related to civil society, decentralization/local government, Congress, the justice sector and the Truth and Reconciliation Commission, with a change in approach that will include broader engagement of public sector institutions.

Achievements in FY 2001 (in addition to those cited above):

--USAID rapidly mobilized election support, to include 120 international observers (e.g., from the OAS and NDI/Carter Center, including former President Carter and former Secretary of State Madeline Albright) and 25,000 domestic monitors through a local NGO (*Transparencia*). Technical assistance to electoral bodies included the training of 500,000 poll workers, voter education campaigns for marginalized groups (e.g., women, non-Spanish speakers, rural poor, youth), and civic education efforts that reached approximately 38% of the population through radio and television.

--Through support to the Ombudsman, Human Rights Coordinator and other local organizations, 90 citizens unjustly held in prison were released (bringing the total to 1,077 released between 1996 and 2001).

--Through a network of free legal clinics, reconciliation services were provided for 150,000 civil cases in three regions of the country (Lima, Trujillo and Arequipa).

--USAID supported a forum for dialogue and diagnostic studies that led to the formulation of legislative and policy reform proposals, as a basis for consensus building and re-institutionalization of Peru's judicial system.

--The Office of Transition Initiatives began operations in Peru in February 2001, and is providing short-term immediate assistance related to decentralization, the Congress, anti-corruption, civil-military relations and the Truth and Reconciliation Commission.

--Based largely on USAID's ongoing efforts, 41% of disadvantaged groups (indigenous, limited education and low income) have a high degree of knowledge of their basic democratic rights and responsibilities (as compared to 11% in 1996).

--Over the last year, USAID supported the training of more than 1,000 teachers, establishment of mock municipalities in 45 secondary schools, and training of 500 student leaders as part of democracy education in schools.

--USAID financed 17 small-scale community projects—primarily economic initiatives and water and sanitation infrastructure—to increase citizen-level organization, participation and empowerment. Nearly 3,000 poor families directly benefited from these projects.

527-002: Increased Incomes of the Poor (New: 527-0010: Increased Economic Opportunities for the Poor in Selected Economic Corridors)

It is estimated that GDP grew only 0.2% in 2001, and performance would have been even worse if not for a late-year surge in production (especially mining). With population increasing at approximately 1.7% and unemployment rising, these data are disappointing in terms of general poverty reduction goals for the country. However, within this generally negative economic environment, portfolio performance under this Strategic Objective met expectations. Specifically, in the regions in which USAID's poverty reduction efforts are focused, more than 6,800 full-time equivalent jobs were created and \$34 million in new sales were recorded—slightly less than the established annual goals, but still a positive trend in recent years and very impressive given the job and production declines in the overall economy.

USAID's targeted efforts in 10 economic corridors—areas with a high incidence of poverty, but also with potential for new/expanded production—are now in full gear. Through an innovative partnership between USAID and the private sector, a Peruvian mining company is financing the operating costs and USAID is financing technical assistance for an eleventh Economic Service Center in Huancavalica. USAID will continue these efforts—probably with more emphasis and resources focused in coca-growing regions. The Mission also has requested additional funding beginning in FY 2003 to initiate support for key policy measures, most importantly those that will help prepare Peru for World Trade Organization (WTO) membership and the Free Trade Area of the Americas—thereby improving its access to world markets and enhancing its potential to reduce poverty levels.

Achievements in FY 2001 (in addition to those cited above):

--USAID-supported micro-finance institutions increased their loan portfolios by 25% to \$44 million, serving nearly 90,000 clients.

--Approximately 61% of micro-credit clients are women, 42% live in rural areas, and 68% of loans are for less than \$300.

--Based on the expansion and improved practices of USAID's micro-enterprise activities, average operating costs dropped from 48.6% to 43.4% of the loan portfolio.

--The Mission and the Office of Development Credit used the Development Credit Authority to establish two guarantee programs with *MIBANCO* and *Solución Financiera de Crédito* that will increase the commercial supply of funds to approximately 20,000 micro-entrepreneurs by \$12 million over the next two years. This marks an important milestone for Peru, as it is the first time commercial banks have created

loan portfolios specifically for microentrepreneurs. (This is a significant result that contributes to the Agency's Pillar II, Economic Growth, Agriculture and Trade, Objective #3.)

--The Third Poverty Forum resulted in the development of proposed strategies for income and employment generation, including enhanced linkages between small producers and markets, which were presented to the three main presidential candidates. The technical leader of the Third Poverty Forum is now the Minister of Labor and Social Promotion.

--A USAID study established that there would be \$200 million in "lost opportunities" associated with the poor conditions of the *Carretera Marginal* over the next seven years. USAID's Economic Service Center in the region, the local association of municipal leaders and private investors have established a commission to analyze options for a public-private sector partnership to finance the improvement of this critical road.

--USAID, in collaboration with the GOP and other donors, supported the development of a new National Strategy for Reducing Chronic Malnutrition.

--Commercial and agricultural production activities carried out under the Title II Program benefited 35,000 poor families, leading to greater purchasing power for this at-risk group.

--Under the Title II Program, over 100,000 children participated in USAID's feeding activities, and 90,000 completed the childhood immunization regimen. Approximately 58,000 mothers were trained in preventative health practices, and 19,500 families benefited from improved sanitary/health infrastructure. Temporary employment was generated for more than 32,000 poor Peruvians. Finally, 71 municipalities matched USAID's Title II resources at a 2:1 ratio.

527-003: Improved Health, Including Family Planning of High-Risk Populations (New: 527-011: Improved Health for Peruvians at High Risk)

Performance in the health sector has met expectations as critical indicators continue to improve. Below is a summary of selected data based on the 2000 Demographic Health Survey:

Indicator	1986	1991	1996	2000
Infant Mortality (per 1,000 births)	64.0	57.0	43.0	33.0
All Childhood Immunizations (%)	4.7	57.7	63.0	66.3
Prenatal Care (%)	--	63.9	67.3	83.8
Fertility (births per woman)	4.3	4.0	3.5	2.9
Child Malnutrition (%)	37.8	34.0	25.8	25.4

However, Peru still faces serious challenges in the health sector. More than 50% of pregnancies are in high-risk categories; in the last 5 years, 56% of births have been unplanned; and Peru's government health system is under-funded and its services deficient. New and re-emerging infectious diseases such as drug-resistant tuberculosis and malaria, dengue fever, chagas disease and HIV/AIDS are growing concerns. Major barriers to improved health of Peruvians include:

- 1) Low quality, inefficient and underutilized health services that are not equitably accessible;
- 2) Inadequate health knowledge, risky behaviors, and inadequate community structures to facilitate healthy behaviors; and
- 3) Policies and programs that are not sufficiently responsive to the diverse health needs and cultural and socio-economic conditions of the majority of the Peruvian population.

Under the newly elected government, several factors appear to be converging to create an opportunity for USAID to enhance its impact in the health sector. For example, the new GOP has an interest in health

sector reforms, and has recognized USAID's comparative advantage to provide flexible, high-quality advisory services. Furthermore, there is a convergence of donor priorities, as the World Bank, IDB, PAHO and USAID are taking a concerted and coordinated approach to health sector assistance.

In this context, USAID is developing next-phase and new activities in the following areas: 1) capacity of health professionals; 2) normative mechanisms; 3) management systems; 4) client rights; 5) infrastructure; 6) contraceptive security; 7) communication and education for behavior change; 8) institutional strengthening for behavior change and research capability; 9) research; and 10) policy reform. The Mission currently is finalizing plans to concentrate the majority of its health sector efforts in a specific geographic region—the central sierra and contiguous jungle regions, including Peru's primary coca-growing areas.

Achievements in FY 2001 (in addition to those cited above):

--In remote rural areas of seven departments, itinerant health services reached over 80,000 users including 7,000 prenatal visits and PAP tests and 10,000 STD exams. More than 22,000 high school students, 600 community youth promoters and 800 teachers received reproductive health training and will continue to implement community and school-based reproductive health education.

--As a result of USAID-sponsored technical assistance, 30 priority health establishments in 12 departments have implemented quality improvement plans and have become regional training centers.

--In twelve departments improved perinatal services have decreased the maternal mortality ratio by 25% in three years.

--User enrollment in an NGO health project increased by approximately 27% between 2000 and 2001 and services were expanded to include 24-hour pharmacy coverage, increased laboratory capacity and discount optical services.

--As a result of USAID-supported efficacy studies and policy analyses, new anti-malarial therapeutic regimens are being introduced nationwide.

--In 2001, a total of 9,000 health professionals (providers and administrators) and 120,000 community representatives (health promoters, teachers, students, municipal leaders, etc.) benefited from USAID-sponsored training and education.

--An expanded Demographic Health Survey, including a section on family violence, was published in 2001.

527-004: Improved Environmental Management in Targeted Sectors (New: 527-012: Strengthening Environmental Management to Address Priority Problems)

USAID's environmental program met expectations over the last year, as key policy measures were taken, the National Environmental Council's (CONAM) budget was increased by 30%, 17 protected areas have improved their management practices, and 30 industrial plants have adopted pollution protection measures. Beginning in FY 2002, USAID expects to focus additional resources in coca-growing areas, which are particularly vulnerable to environmental degradation due to the negative impacts of the coca industry, lack of sustainable income opportunities, inadequate presence of governmental institutions and application of the rule of law, and the fragile ecosystem in the "high jungle." New USAID interventions in coca-growing areas will focus on forest management and reforestation, environmental planning, mitigating measures for road construction, protection of a key biodiversity area, and participation of communities in local development. USAID is in the process of developing a new comprehensive

environment program that will include pollution prevention, environmental health, environmental education and protected areas/natural forest management elements.

Achievements in FY 2001 (in addition to those cited above):

--The National Environmental Assessment System and Forestry Law were approved, setting the stage for sustainable forest management, including certification of wood and non-wood forest products. After 10 years of opposition and procedural maneuvering, the passage of the Forestry Law is a notable breakthrough (considered a significant result, contributing to the Agency's Pillar II, Economic Growth, Agriculture and Trade, Objective #5). However, implementation of the law will be a serious challenge for the GOP and USAID.

--The World Wildlife Fund, with USAID financing, promoted forest product certification in Peru. A Peruvian Council for Voluntary Forest Certification was established and standards for timber and Brazil nuts were approved. In addition, some large timber companies are in the preliminary stages of the certification process, and a furniture company has received chain of custody certification to use certified Bolivian wood for its products.

--The program successfully tested and validated ten additional innovative practices in environmental management related both to pollution prevention and biodiversity areas. Other donors, NGOs or the private sector have already replicated five of these improved practices.

--A national environmental television program publicized the experiences of selected USAID pilot interventions in its weekly programs, and the Dutch foreign assistance agency is in the process of reproducing these television programs for primary and secondary schools throughout Peru.

--With USAID support, Peru has completed a Strategy on Biological Diversity, which provides a framework for addressing the country's biodiversity issues. Peru is now a full member of the International Convention for Biological Diversity.

-- Regulations were adopted for the Protected Areas Law, legalizing and defining the categories of protected areas and the parameters for how they should be utilized and managed.

--Guidelines were established for citizens' participation in the environmental assessments of industries.

--Peru now has 15 Regional Environmental Commissions, which cover approximately 80% of the country.

--CONAM helped 4 provinces develop model environmental management ordinances, and signed agreements with 10 provincial municipalities for the development of integrated solid waste management plans.

--Fifteen firms, including several large mines, have received ISO 14000 certification, through USAID support.

--A Consortium of universities and the National Industrial Society, with USAID and Swiss funding, created a Clean and Efficient Technology Center to promote better use of natural resources and energy in industrial processes.

--At least six USAID-assisted industrial plants, producing pulp and paper, cement, chemicals and paint, exceeded 10% pollution reduction targets by cutting energy consumption, effluent emissions and other waste.

--In the area of environmental health, USAID financed a lead contamination study of Lima/Callao, and a similar methodology will be applied to study the environmental contamination in La Oroya, a mining community in the central highlands.

--CONAM helped establish recycling programs in 800 private and public schools.

527-005 Reduce Illicit Coca Production in Target Areas in Peru (New: 527-013 Reduced Illicit Coca Production in Target Areas)

Since 1995, coca cultivation in Peru has been reduced from 115,000 hectares to approximately 32,000 hectares in 2001. However, the pace of coca reduction slowed over the last year, marijuana cultivation continues, and poppy cultivation is increasing at alarming rates. The USG's overall counternarcotics effort in Peru has been affected by the country's recent political turmoil and the suspension of the air interdiction program following the tragic shoot-down of a missionary plane mistakenly identified as a drug flight. Recently, President Toledo has emphasized his commitment to ridding Peru of the narcotics trade, by establishing a high-level "drug czar" with broad authorities, taking steps to invigorate the judicial system's processing of drug cases, and combating corruption. Within this context, USAID's Alternative Development Program (ADP) met its targets for sustainable growth of the licit economy, improving basic services, and promoting local empowerment in targeted coca-growing areas. For example, with USAID support 13,000 families are producing a broadening range of crops on approximately 25,000 hectares. In 2001 in the areas where USAID's Alternative Development Program operates, more than 97,000 hectares were used for licit crops, while coca was planted on only 24,645 hectares. In the same areas, the total value of licit crops increased by 7.7% in 2001; the ratio of the value of licit crop production compared to coca production increased from 80.9% to 85.5%. Finally, the Regional Association of Municipalities in San Martin (AMRESAM), representing 77 municipalities in the Upper Huallaga Valley, is executing social and economic infrastructure projects to address priority community needs. USAID has initiated a process to apply a similar association model in the second priority ADP region (Apurimac-Ene Valley).

Peru's continuing economic recession has encouraged some farmers to rehabilitate coca fields, the price of coca leaf is near all-time highs while the market prices for key alternative crops (e.g., cacao and coffee) have fallen sharply, and related other-donor programs have been delayed. Therefore,

future progress in undermining the narcotics trade in Peru will depend more than ever on coordinating alternative development with the disincentives of eradication and interdiction. Based on the increased funding levels available through the Andean Counternarcotics Initiative, USAID will work with its implementing partners and counterparts to program resources to priority areas and more closely link its activities to local performance in reducing participation in the illicit drugs economy. USAID will also develop a more comprehensive developmental approach in coca-growing areas, taking advantage of the sectoral expertise and relationships of all Mission teams in order to maximize the impact of the Alternative Development Program. For example, USAID will introduce or expand its efforts to strengthen local governments, reform justice sector operations, establish more and stronger linkages between producers and markets, improve economic and social infrastructure (e.g., roads), increase credit, enhance health services, promote sustainable natural resource management and biodiversity protection, and provide educational opportunities in coca-growing areas.

Achievements in FY 2001 (in addition to those cited above):

--USAID's microcredit programs in coca-growing regions serve more than 5,000 clients (an increase of 1,500 since last year) through 449 village banks.

--The farm-gate value of licit crops surpassed the value of coca in three ADP areas (Central Huallaga, Pichis-Pachitea and Aguaytia), despite the general increase in coca prices and steep declines in the prices of coffee and cacao.

--More than 120,000 quintales of coffee from ADP-supported farms were sold directly at an average premium of 15% above market prices. Under a pilot activity for specialty coffee, 38 producers sold 800 quintales at 45% above market prices. Total production of growers under the program accounts for 10% of Peru's coffee exports.

--Cacao growers sold 600 metric tons at a 25% premium over market prices due to improved quality.

--An emergency program provided essential health and nutrition services to 4,500 families in areas affected by eradication. This included the distribution of 98 metric tons of food to approximately 3,200 children and 1,300 women.

--Mobile medical units provided care to 4,265 persons in 34 remote communities.

--The Association of Municipalities of San Martin developed and is implementing a training program for mayors and staff to improve management, accountability and citizens' participation.

--Electrification systems have been extended to 11 municipalities in the Apurimac Valley, benefiting more than 2,400 families.

--Construction/rehabilitation was completed on 187 schools, 40 health posts and 48 potable water/sanitation systems.

--Drug awareness programs are underway in 120 centers in coca-growing areas.

527-006: Expanded Opportunities for Girls' Quality Education

To date, USAID's education sector program has focused on policy initiatives and pilot testing of new methodologies. Within this limited framework, USAID's expectations were met over the last year, as the GOP passed a Rural Girls Education Law and USAID implementing partners tested cost-effective bilingual education, distance education and community participation methodologies; girls' school attendance rates increased by nearly 8% in these pilot areas. Based on a recently completed sector assessment and expectation of increased funding availability through the FY 2002-FY 2006 strategy period, the Mission is developing a more comprehensive rural education program, which it expects to present for Bureau review in June 2002.

Achievements in FY 2001 (in addition to those cited above):

--The Peruvian Congress and Ministry of Education carried out a national consultative process to establish a new sectoral strategy that was influenced by and is consistent with USAID's technical analysis and priorities. This strategy emphasizes: 1) improvement of education in rural areas; 2) extension of pre-school education; 3) reform of the secondary school system; 4) introduction of information technologies; and 5) decentralization of the education system.

--USAID supported the National Network for Girls Education as it launched a national public awareness campaign directed to influential leaders and decision-makers in order to enforce the recently approved Rural Girl's Education Law, which the Network drafted with USAID support. The law requires that education programs take into account girls' special needs. (This is a significant result that contributes to the Agency's Pillar II Economic Growth, Agriculture and Trade, Objective #4.)

--Seven district committees and 150 communities were organized to improve children's attendance and classroom performance.

527-008: Improved Quality of Life in Target Areas Along the Peru-Ecuador Border

USAID initiated work in February 2001 in one jungle region (Napo/Condorcanqui) and in June 2001 in one sierra region (Piura) along the Peru-Ecuador border. Despite some start-up delays, USAID considers that in 2001 expectations were met, as activities are now fully under way—with CARE as the implementing agency

on both sides of the border. Specifically, participatory assessments were conducted in 70 communities in order to identify priority needs and promote local empowerment. While funding has been sufficient to date, an accelerating pace of activity may require USAID to adjust plans, as resources have been allocated at lower levels than originally anticipated. Growing instability in the areas where USAID is working—including conflicts between communities, disputes between settlers and natives, opposition to certain aspects of the peace accords (e.g., Ecuadorian outposts in Peruvian territory), and the appearance of armed groups—presents serious challenges to program implementation.

Achievements in FY 2001 (in addition to those cited above):

--Infrastructure projects (sanitation, school and health post rehabilitation) have been initiated in 15 communities in Condorcanqui and 4 communities in Piura. USAID has been able to leverage additional funds from the Swiss to implement potable water projects that are complementary to USAID's efforts.

--A bilingual education curriculum is under development for the Napo Kichwua population.

--The Ombudsman's Office established Service Modules and human rights training in several communities participating in USAID's program.

--Fieldwork was completed in 21 Condorcanqui communities to collect geographical information and processing is underway for the communities to be legally established; these are prerequisites to establishing formal land ownership in the area.

--To promote stability and reconciliation among communities on both sides of the border, two regional radio networks are disseminating information on the Peru-Ecuador Peace Accords and the Bi-national Development Plan.

Table 1: Annual Report Selected Performance Measures

December 3, 2001

Indicator (all data should pertain to FY or CY 01)		OU Response			Fund Account	Data Quality Factors
Pillar I: Global Development Alliance: GDA serves as a catalyst to mobilize the ideas, efforts, and resources of the public sector, corporate America and non-governmental organizations in support of shared objectives						
1	Did your operating unit achieve a significant result working in alliance with the private sector or NGOs?	Yes	No	N/A X		
2	a. How many alliances did you implement in 2001? (list partners) b. How many alliances do you plan to implement in FY 2002?	0 1			DA	Note: USAID/PRA--Buenaventura Mining partnership to support the Huancavelica Business Development Center.
3	What amount of funds has been leveraged by the alliances in relationship to USAID's contribution?	Buenaventura--\$1,095,000 USAID--\$140,000				A Memorandum of Understanding was signed with USAID and Buenaventura Mining Co. in January 2002.
Pillar II: Economic Growth, Agriculture and Trade: USAID works to improve country economic performance using five approaches: (1) liberalizing markets, (2) improving agriculture, (3) supporting microenterprise, (4) ensuring primary education, and (5) protecting the environment and improving energy efficiency.						
4	If you have a Strategic Objective or Objectives linked to the EGAT pillar, did it/they exceed, meet, or not meet its/their targets? (527-002 Poverty Reduction)	Exceed	Met X	Not Met	DA	
4	If you have a Strategic Objective or Objectives linked to the EGAT pillar, did it/they exceed, meet, or not meet its/their targets? (527-004 Environment and Natural Resources)		X		DA	
4	If you have a Strategic Objective or Objectives linked to the EGAT pillar, did it/they exceed, meet, or not meet its/their targets? (527-005 Alternative Development)		X		INC	
4	If you have a Strategic Objective or Objectives linked to the EGAT pillar, did it/they exceed, meet, or not meet its/their targets? (527-006 Girls' Education)		X		CSD	
USAID Objective 1: Critical, private markets expanded and strengthened						
5	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No X	N/A		
USAID Objective 2: More rapid and enhanced agricultural development and food security encouraged						
6	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No X	N/A		

Indicator (all data should pertain to FY or CY 01)		OU Response			Fund Account	Data Quality Factors
USAID Objective 3: Access to economic opportunity for the rural and urban poor expanded and made more equitable						
7	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A		Using DCA mechanisms, established 2 guarantee programs which will leverage \$12 million to expand commercial credit supply for 20,000 microentrepreneurs.
USAID Objective 4: Access to quality basic education for under-served populations, especially for girls and women, expanded						
8	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	CSD	Passage of the law that requires addressing girls' special needs in education in rural areas.
9	a. Number of children enrolled in primary schools affected by USAID basic education programs (2001 actual)	Male 13,814	Female 13,084	Total 26,898	CSD	CY2000 data--Censos Escolares, Ministerio de Educacion, which has been checked for quality. Only includes 3 provinces in Ayacucho, where USAID has direct interventions. Preliminary data for 2001 reports 29,005 children, and 125,557 children for the whole area where USAID has indirect influence.
	b. Number of children enrolled in primary schools affected by USAID basic education programs (2002 target)				N/A	There is no 2002 target because the indicator is not used to monitor progress in the Strategic Objective.
USAID Objective 5: World's environment protected						
10	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	DA	The National Forestry Law was passed, including standards for forest management and certification for timber and non-timber forest products.
11	a. Hectares under Approved Management Plans (2001 actual)	2,962,887				CY 2000 data---Peru Instituto de Recursos Naturales, data for 2001 are not yet available.
	b. Hectares under Approved Management Plans (2002 target)	N/A				There is no 2002 target because the indicator is not used to monitor progress in the Strategic Objective.
Pillar III: Global Health: USAID works to: (1) stabilize population, (2) improve child health, (3) improve maternal health, (4) address the HIV/AIDS epidemic, and (5) reduce the threat of other infectious diseases.						
12	If you have a Strategic Objective or Objectives linked to the Global Health pillar, did it/they exceed, meet, or not meet its/their targets? (527-003 Improved health)	Exceed	Met X	Not Met	DA CSD	
USAID Objective 1: Reducing the number of unintended pregnancies						
13	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No X	N/A	DA	
USAID Objective 2: Reducing infant and child mortality						
14	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No X	N/A	CSD	

Indicator (all data should pertain to FY or CY 01)		OU Response			Fund Account	Data Quality Factors
USAID Objective 3: Reducing deaths and adverse health outcomes to women as a result of pregnancy and childbirth						
15	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No X	N/A	DA CSD	
USAID Objective 4: Reducing the HIV transmission rate and the impact of HIV/AIDS pandemic in developing countries						
16	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No X	N/A	CSD	
USAID Objective 5: Reducing the threat of infectious diseases of major public health importance						
17	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No X	N/A	CSD	
Pillar IV: Democracy, Conflict and Humanitarian Assistance						
18	If you have a Strategic Objective or Objectives linked to the Democracy, Conflict and Humanitarian Assistance Pillar, did it/they exceed, meet, or not meet its/their targets? (527-001 Democracy)	Exceed	Met X	Not Met		
18	If you have a Strategic Objective or Objectives linked to the Democracy, Conflict and Humanitarian Assistance Pillar, did it/they exceed, meet, or not meet its/their targets? (527-008 Peru-Ecuador Border region development)		X			
USAID Objective 1: Rule of law and respect for human rights of women as well as men strengthened						
19	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No X	N/A	DA	
USAID Objective 2: Credible and competitive political processes encouraged						
20	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	ESF	Peru had free and fair democratic elections in 200.
USAID Objective 3: The development of politically active civil society promoted						
21	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No X	N/A		

Indicator (all data should pertain to FY or CY 01)		OU Response			Fund Account	Data Quality Factors
USAID Objective 4: More transparent and accountable government institutions encouraged						
22	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No X	N/A		
USAID Objective 5: Conflict						
23	Did your program in a pre-conflict situation achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
24	Did your program in a post-conflict situation achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No X	N/A		Applicable to 527-008 Peru-Ecuador Border Initiative. This program is in the initial stage of implementation.
25	Number of refugees and internally displaced persons assisted by USAID	Male	Female	Total N/A		
USAID Objective 6: Humanitarian assistance following natural or other disasters						
26	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No X	N/A	DA	Mission funding will support health facilities reconstruction caused by the June 2001 Arequipa earthquake. Implementation is starting now.
27	Number of beneficiaries	31,500 families			DA	Estimated number based on the food distributed.

Table 2: Selected Performance Measures for Other Reporting Purposes

The information in this table will be used to provide data for standard USAID reporting requirements

Indicator (all data should pertain to FY or CY 01)		OU Response			Fund Account	Data Quality Factors
Child Survival Report						
Global Health Objective 1: Reducing the number of unintended pregnancies						
1	Percentage of in-union women age 15-49 using, or whose partner is using, a modern method of contraception at the time of the survey. (DHS/RHS)	50.4			DA	DHS survey published May 2001.
Global Health Objective 2: Reducing infant and child mortality						
2	Percentage of children age 12 months or less who have received their third dose of DPT (DHS/RHS)	Male	Female	Total 80.2	CSD	DHS survey published May 2001. Percentage of children aged 18-23 months who received their third DPT dosis during their first year of age.
3	Percentage of children age 6-59 months who had a case of diarrhea in the last two weeks and received ORT (DHS/RHS)	Male 67.7	Female 68.4	Total 68.0	CSD	DHS published May 2001. Data refers to children age 0-59 months.
4	Percentage of children age 6-59 months receiving a vitamin A supplement during the last six months (DHS/RHS)	Male	Female	Total N/A		
5	Were there any confirmed cases of wild-strain polio transmission in your country?	No				Ministry of Health surveillance system
Global Health Objective 3: Reducing deaths and adverse health outcomes to women as a result of pregnancy and childbirth						
6	Percentage of births attended by medically-trained personnel (DHS/RHS)	59.3				DHS survey published May 2001.
Global Health Objective 5: Reducing the threat of infectious diseases of major public health importance						
7	a. Number of insecticide impregnated bed-nets sold (Malaria) (2001 actual)	N/A				
	b. Number of insecticide impregnated bed-nets sold (Malaria) (2002 target)	N/A				
8	a. Proportion of districts implementing the DOTS Tuberculosis strategy (2001 actual)	N/A				
	b. Proportion of districts implementing the DOTS Tuberculosis strategy (2002 target)	N/A				

HIV/AIDS Report

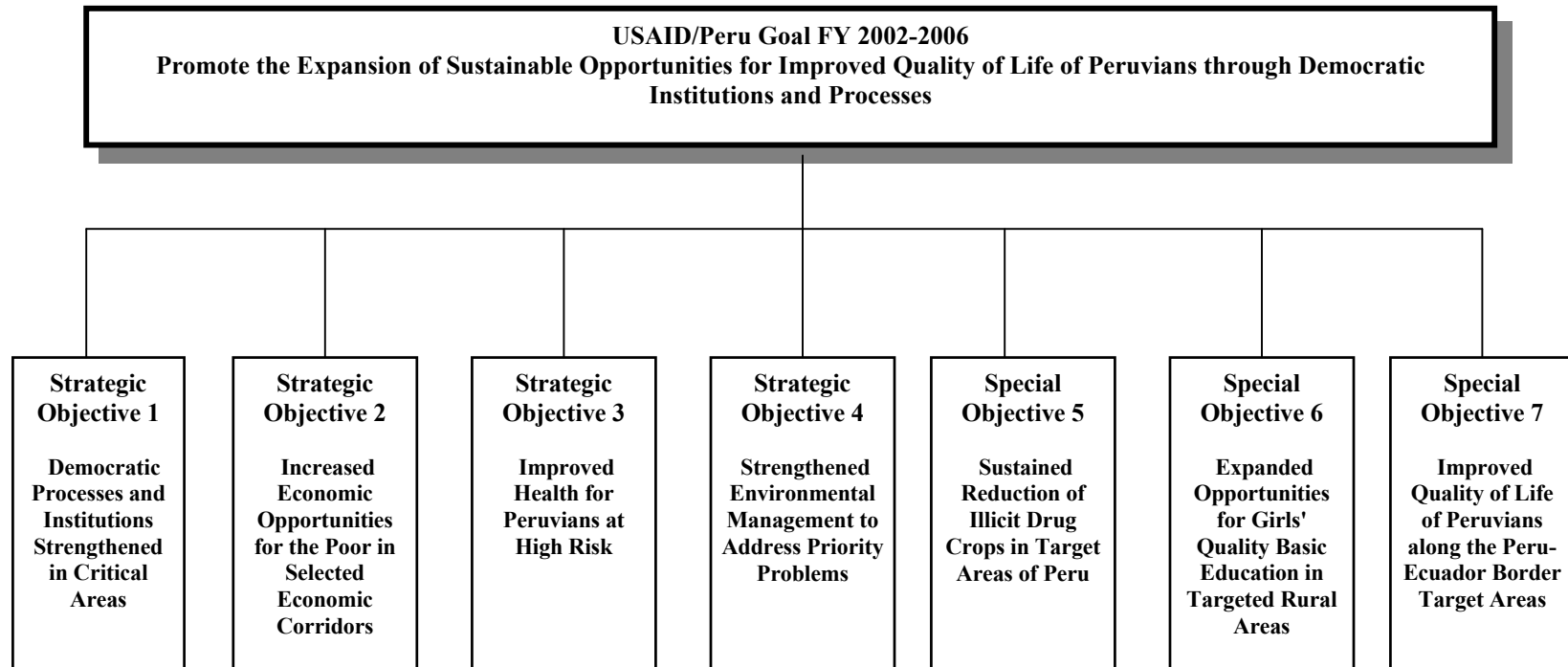
Global Health Objective 4: Reducing the HIV transmission rate and the impact of HIV/AIDS pandemic in developing countries

9	a. Total condom sales (2001 actual)	6,000,000				Data includes 2'065,660 condoms bought by USAID and distributed through the public sector, and estimated sales of 3.1 million condoms through USAID assisted private sector.
	b. Total condom sales (2002 target)					
10	a. Number of individuals treated in STI programs (2001 actual)	Male	Female	Total N/A		
	b. Number of individuals treated in STI programs (2002 target)			N/A		
11	a. Is your operating unit supporting an MTCT program?	No				
	b. Will your operating start an MTCT program in 2002?	No				
12	a. Number of individuals reached by community and home based care programs (2001 actual)	Male	Female	Total	N/A	
	b. Number of individuals reached by community and home based care programs (2002 target)				N/A	
13	a. Number of orphans and vulnerable children reached (2001 actual)	Male	Female	Total	N/A	
	b. Number of orphans and vulnerable children reached (2002 target)				N/A	
14	a. Number of individuals reached by antiretroviral (ARV) treatment programs (2001 actual)	Male	Female	Total	N/A	
	b. Number of individuals reached by antiretroviral (ARV) treatment programs (2002 target)				N/A	

Victims of Torture Report					
Democracy, Conflict, and Humanitarian Assistance Objective 7: Providing support to victims of torture					
15	Did you provide support to torture survivors this year, even as part of a larger effort?	No			
16	Number of beneficiaries (adults age 15 and over)	Male	Female	Total	N/A
17	Number of beneficiaries (children under age 15)	Male	Female	Total	N/A

Global Climate Change					
USAID Objective 5: World's environment protected					
18	Global Climate Change: See GCC Appendix				

USAID/Peru Results Framework



SO 1

SO 1 w/other donors

SO 1 w/OTI

Critical assumption

IR 5 Past human rights abuses addressed through Truth and Reconciliation Commission (2003)

Strategic Objective N° 1: Democratic Processes and Institutions Strengthened in Critical Areas

IR 1 Improved stakeholder participation in the adoption and implementation of key policy reforms supportive of the democratic transition

1.1 Increased access to information on key policy reforms

1.2 Mechanisms for stakeholder participation in policy reform and implementation process established

1.3 Technical input provided by civil society organizations and coalitions representing stakeholder interests related to key policy reforms

1.4 Increased oversight by civil society organizations and civil society coalitions of key policy reform processes

IR 2 Increased responsiveness of elected sub-national governments to citizens at the local level in selected regions

2.1 Authorities and resources transferred to the most appropriate level of sub-national government

2.2 Local government mechanisms for citizen participation in and oversight of decision-making

2.3 Capability of local government institutions to fulfill main functions increased in selected regions

2.4 Increased capacity of community-based organizations representing traditionally marginalized groups in targeted regions to participate in and oversee local government operations

IR 3 Congressional performance improved to be more independent, effective and representative of citizen interests

3.1 Internal institutional reforms adopted to increase transparency and access to information

3.2 Regular mechanisms established for Congressional interaction with constituents

3.3 Congressional capability to fulfill its legislative, oversight, and representative functions increased

IR 4 Justice sector performance improved to be more independent, transparent and efficient in protecting fundamental rights

4.1 Legal framework modified to support judicial sector reform in critical areas

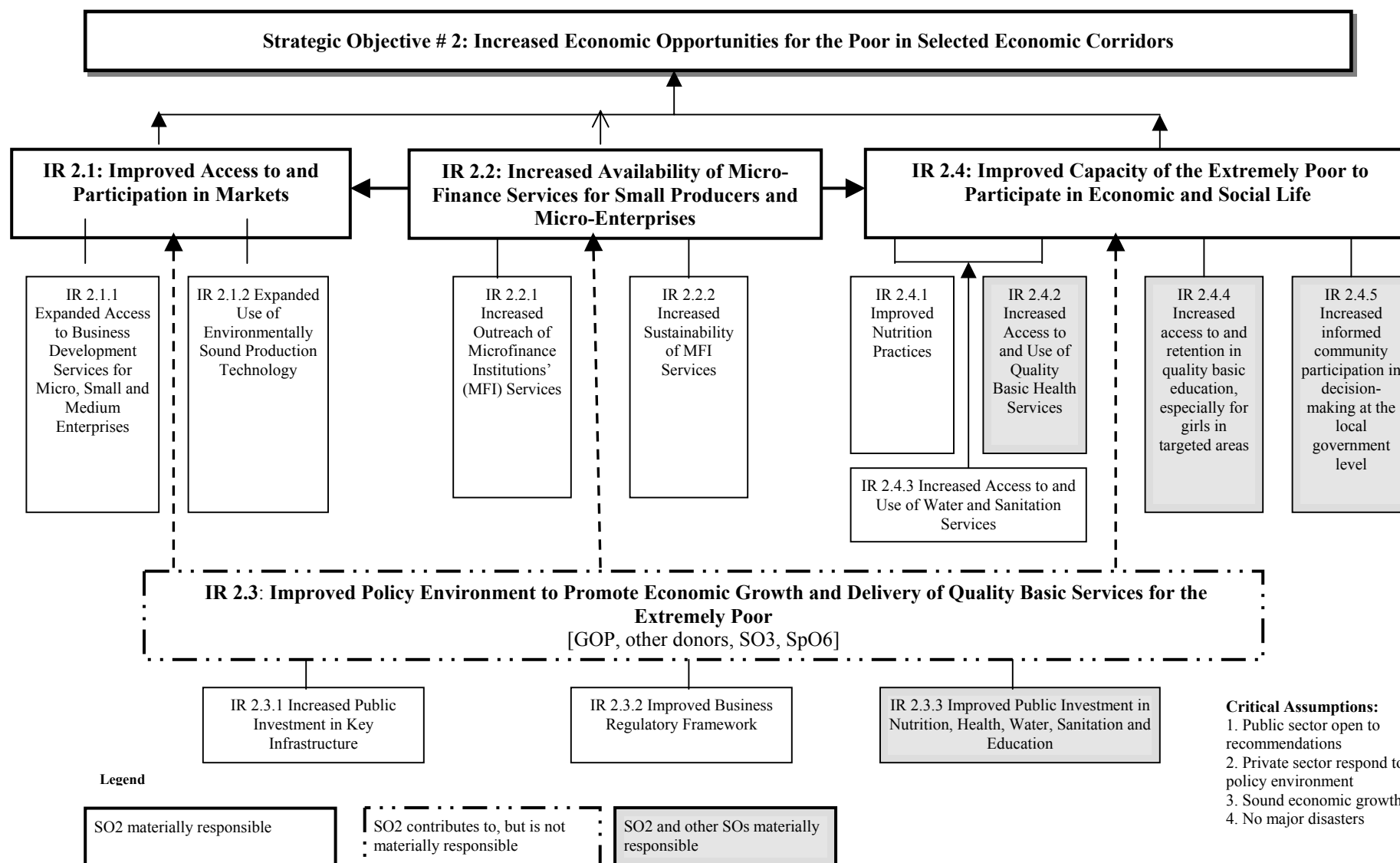
4.2 Mechanisms established and strengthened for internal and external oversight of justice sector reform and operations

4.3 Strengthened capability within the justice sector to coordinate and manage reform efforts

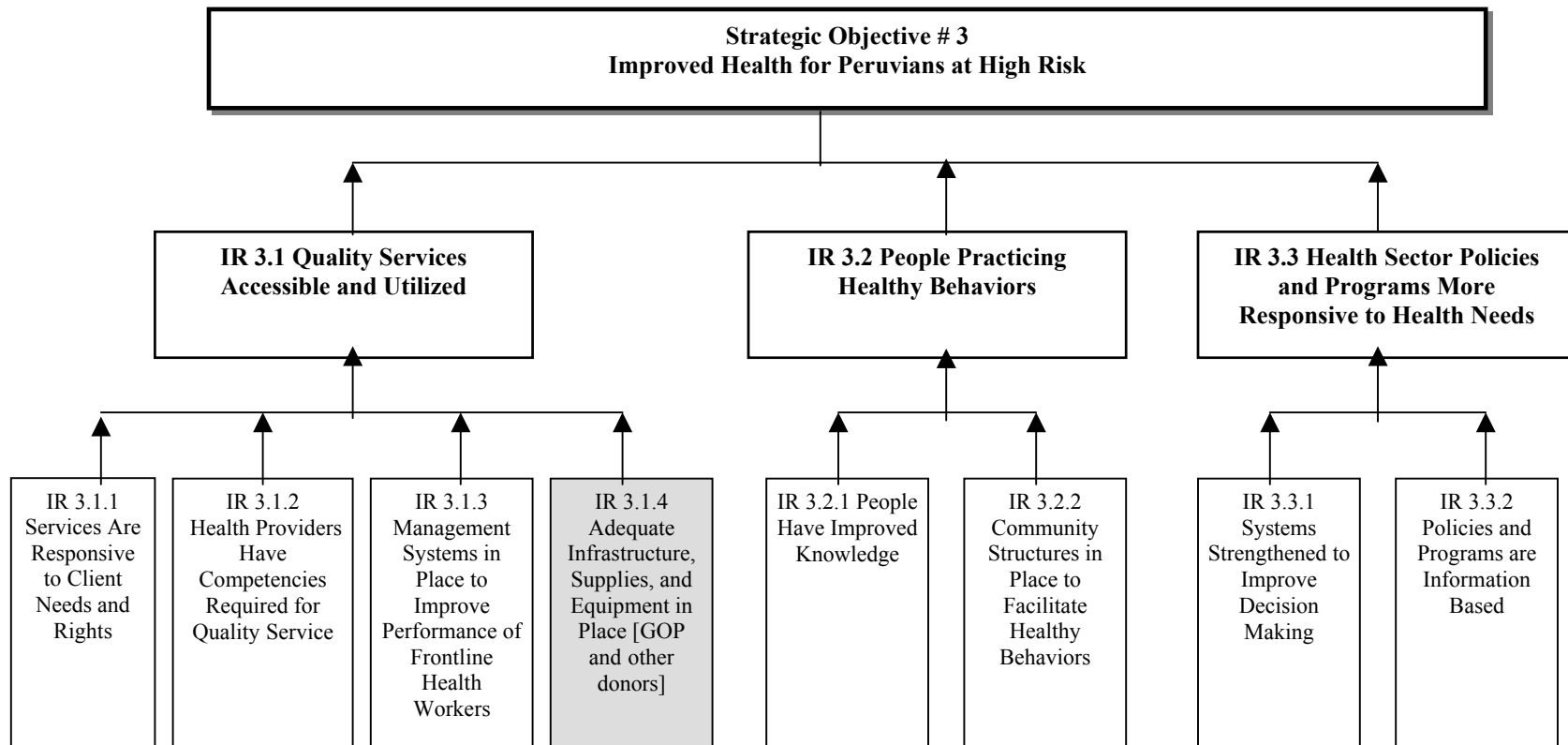
4.4 Improved technical and management capacity within selected components of the justice sector to process critical cases

Authorities elected through fair and transparent electoral processes

SO2 Results Framework



SO3 Results Framework



LEGEND

SO3 materially responsible

USAID not primarily responsible

Critical Assumptions:

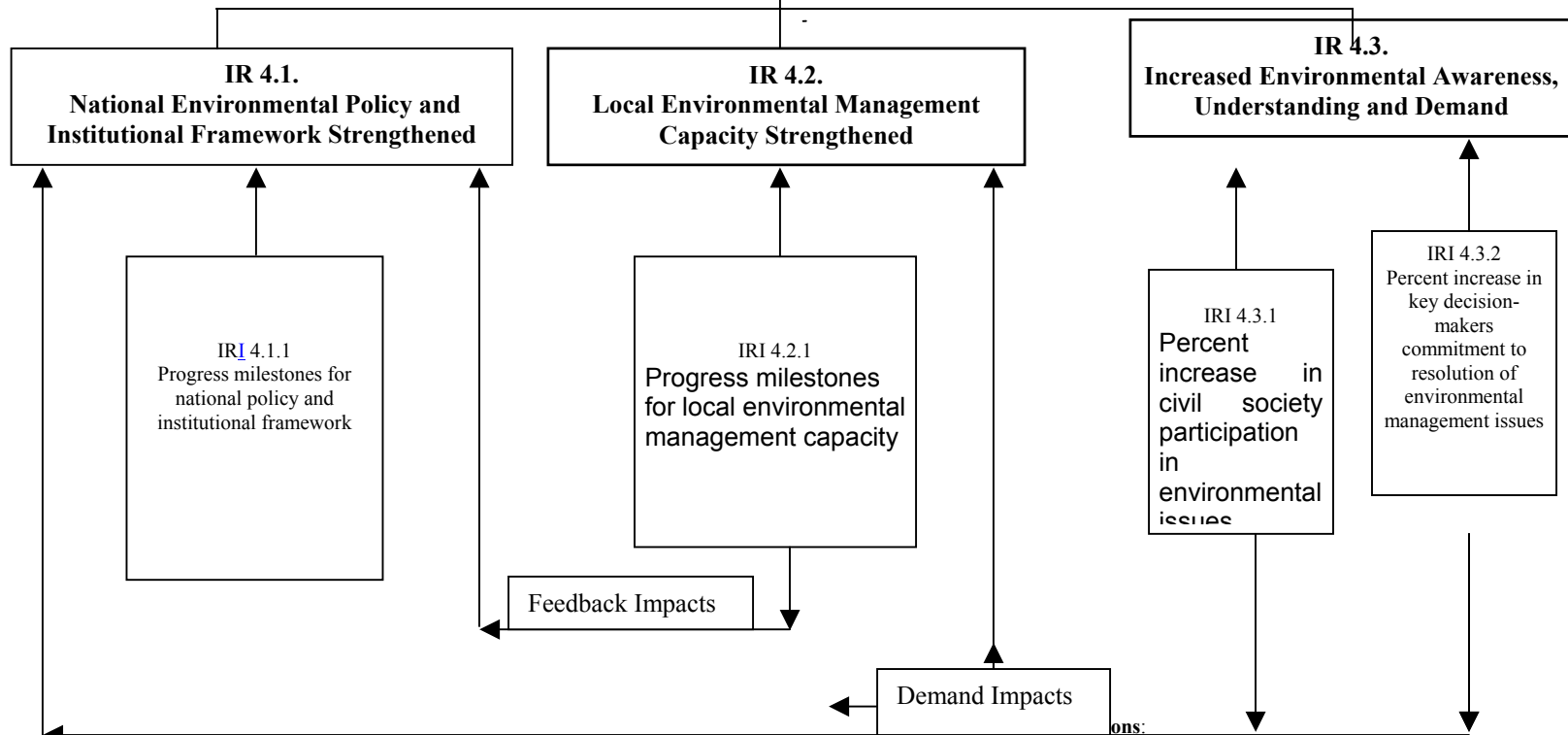
1. Continued GOP priority on health for all
2. Collaboration of non-traditional health partners
3. Donors will continue support
4. Economic growth will continue or accelerate

SO4 Results Framework

Strategic Objective (SO) 4: Strengthened Environmental Management to Address Priority Problems

SO Indicators:

1. Number of environmental management systems (EMS) gaps closed.
2. Percentage increase in citizen awareness of environmental problems and solutions.



file:SO4-Revised Results Framework 1210 final

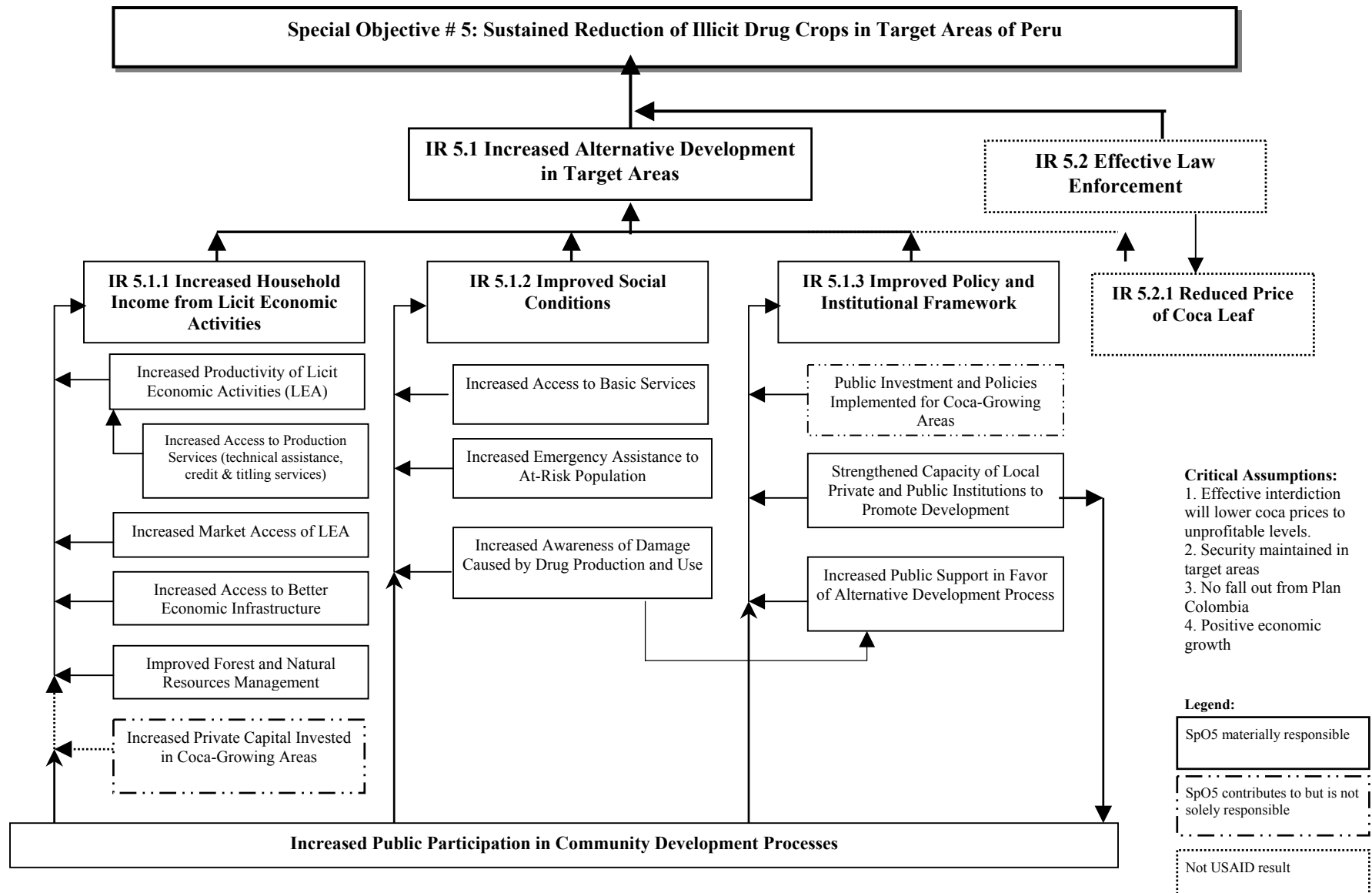
Acronyms

IR: intermediate result(s)
IRI: intermediate results indicator(s)

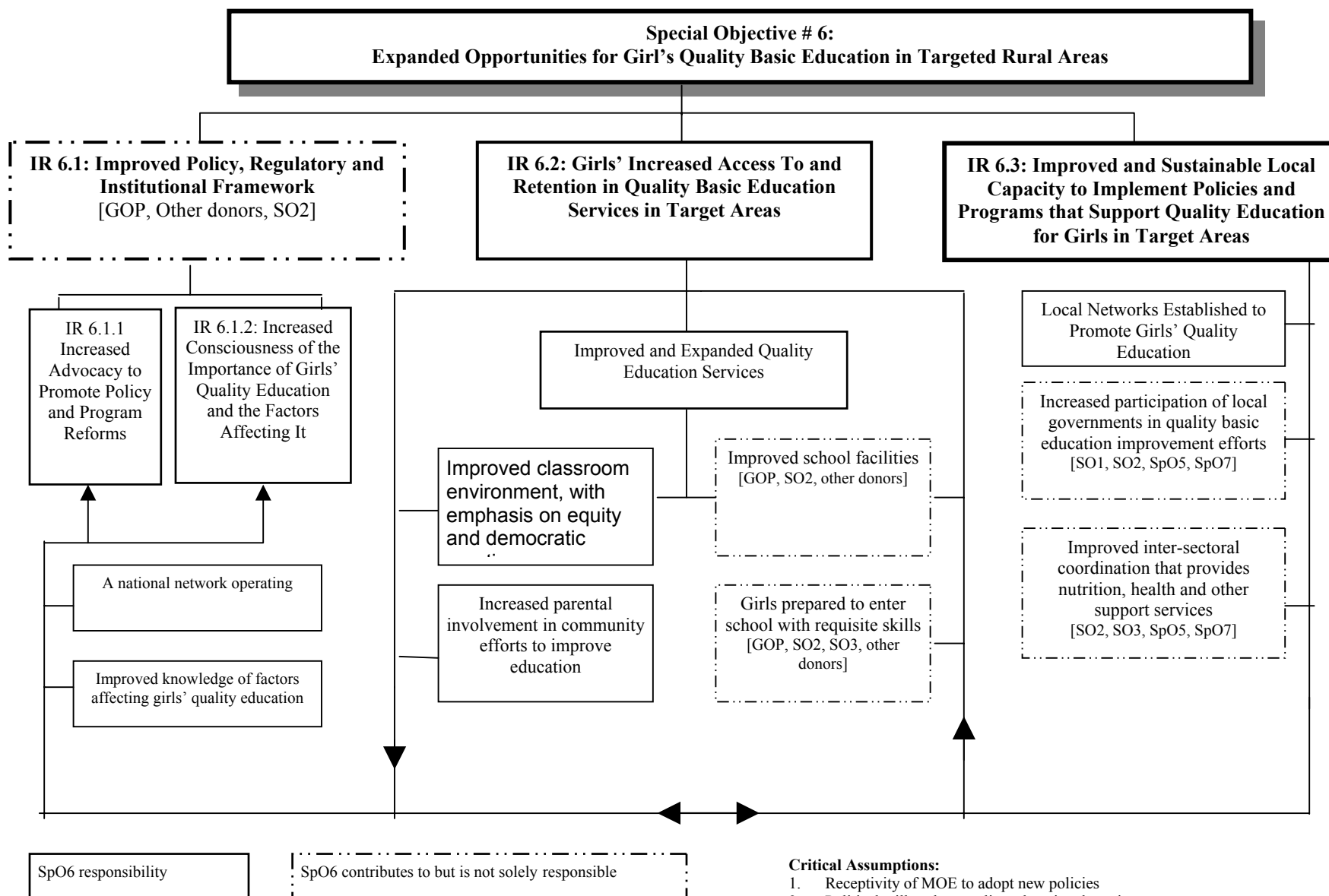
See following page for explanatory notes about means of measurement and illustrative targets for indicators.

- ons:
1. National environmental management institutions and local organizations work collaboratively.
 2. Increased awareness and understanding fosters increased demand for improved EM.
 3. National and international political and economic conditions foster adequate financial resources for replications

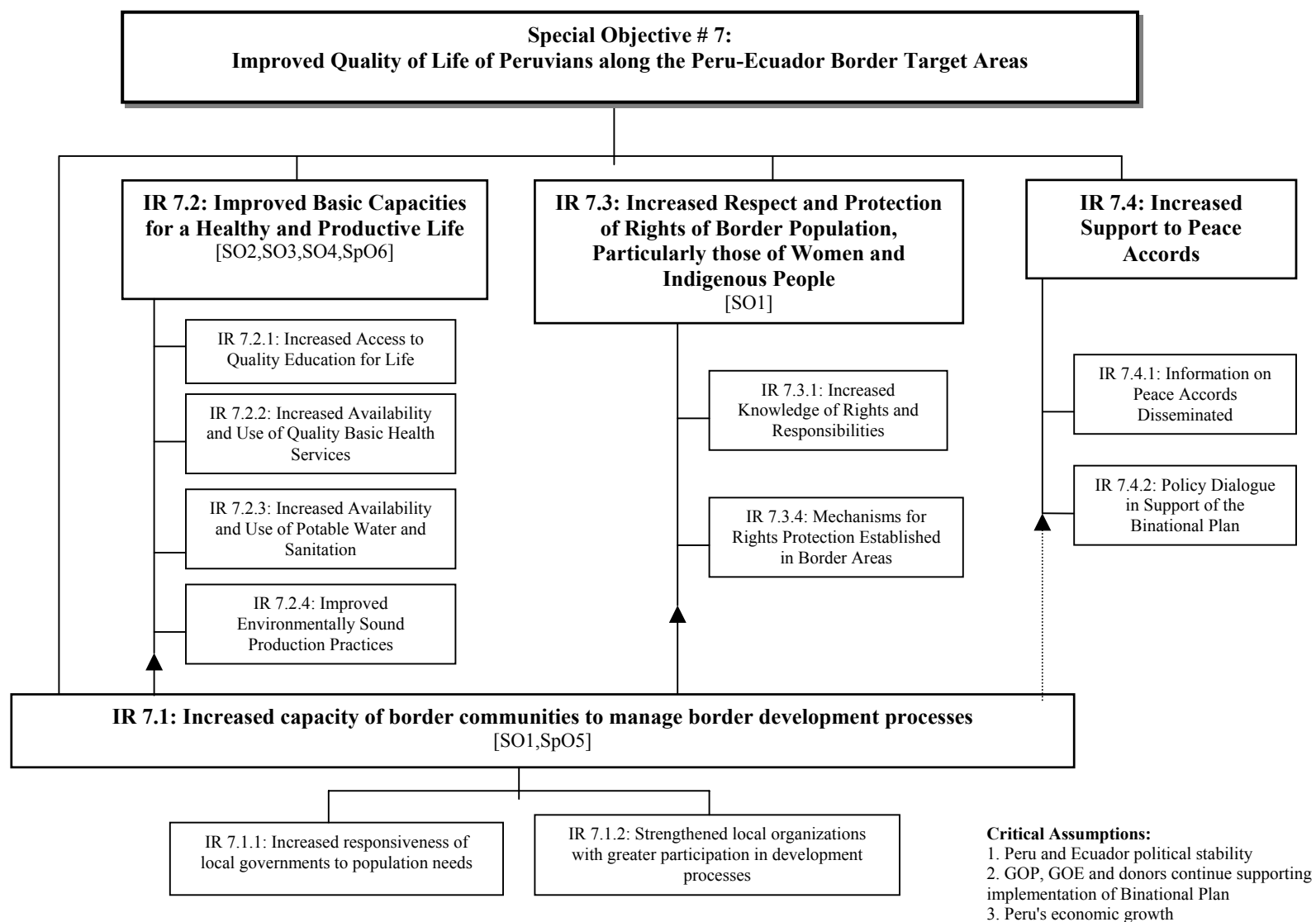
SpO5 Results Framework



SpO6 Results Framework



SpO7 Results Framework



PART VII: ENVIRONMENTAL COMPLIANCE

A. Ongoing Activities

The Mission is implementing all its activities in compliance with their approved Initial Environmental Examinations (IEE), Categorical Exclusions, and Programmatic Environmental Examinations. There are no outstanding issues with regard to 22 CFR 216 requirements.

Democracy: All current activities fall within the Categorical Exclusion Determination approved for the SO.

Poverty Reduction: All ongoing activities are complying with their approved IEEs, Categorical Exclusions or Negative Determinations with Conditions.

Health: Most of the SO's activities are covered by Categorical Exclusions. The SHIP activity includes limited remodeling/construction of health centers, which is being done in accordance with approved environmental procedures. With regard to the Activity "Rehabilitation of health centers damaged by the 2001 earthquake", the implementing institution will submit for USAID's approval an environmental review and monitoring program, prior to the initiation of any construction work.

Environment: All provisions established by USAID environmental review instruments are being followed, including environmental examinations for some SENREM and BIOFOR pilot projects. Environmental evaluation and monitoring procedures will also be developed for all pilot interventions under the Environmental Health Activity.

Alternative Development: The Mission conducts environmental reviews and monitoring for the Alternative Development Program in accordance with the initial Programmatic Environmental Examination and the environmental procedures established by the main GOP counterpart agency, ContraDrogas. Annual Reports are being received describing environmental compliance activities by ContraDrogas. The SO Team frequently monitors these. Following the Bureau Environmental Officer's recommendation, USAID/Peru is financing an analysis by an independent consultant of the effectiveness of mitigation measures in minimizing the potentially negative impacts of road rehabilitation, with a special focus on illegal logging. This may lead to recommendations to improve environmental assessment and monitoring procedures.

Education: All ongoing activities have qualified for Categorical Exclusions.

Peru-Ecuador Border: In compliance with the IEE, the implementing institution has developed and is ready to submit to USAID an environmental evaluation and monitoring program that will be used for the Border Activity interventions.

B. New Activities

Democracy/527-009: All planned activities for FY 2002 fall within the Categorical Exclusion Determination for the SO.

Poverty Reduction/527-010: For FY 2002, no new or amended IEEs or EAs are anticipated.

Health/527-011: An IEE covering the planned health program through the end of the strategy period is currently under preparation. The SOAG may include some interventions related to infrastructure improvement, for which a Negative Determination with Conditions will be recommended.

Environment/527-012: All interventions during the FY 2002-FY 2006 strategy period will be grouped within a single activity: "Strengthened Environmental Management (STEM)". An IEE will be prepared in the Third or Fourth Quarter of FY 2002.

Alternative Development/527-013: The Alternative Development Program is expanding in duration (through 2006) and funding (about \$70 million annually). Therefore, USAID will undertake a revised Programmatic Environmental Examination (PEE) for the augmented program (perhaps as early as March); the new PEE will be the basis for the environmental review and monitoring of activities over the next five years.

Education/527-006: During this FY, a new strategy will be developed to convert this SpO into a full SO. Based on the activities envisioned, the Team will prepare the corresponding IEE(s).

Border Program/527-008: The San Ignacio component of the Border Activity will be designed and implemented this FY. It will require a separate IEE.